

HHS PROPERTY CUSTODIAL OFFICER’S GUIDE

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Letter from Terrence J. Tychan, Deputy Assistant Secretary for Grants and Acquisition Management

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In these times of economic uncertainties, it is more imperative than ever that the resources of the Department are utilized in the most prudent manner. Therefore, the role of the Property Custodial Officer (PCO) takes on a more vital importance than ever before. The PCO is the person who has front line responsibility with regard to the property management system. They make or assist in several actions and decisions in determining the proper use of property.

Although the entire guide is called the Property Custodial Officer's Guide, it is broken into four basic units. The introduction is designed to answer some of the basic questions which a new custodial officer is apt to ask.

The unit entitled HHS Property Custodial Officer's Guide is the main portion of emphasis and is designed to assist the PCO with his/her duties. The contents of this unit progressively explain the environment in which a property custodian functions; his/her relationships with others involved in property management; the phases of the property management cycle (determining need, acquisition, accountability and maintenance during use, and disposal); and more detailed guidance on managing the inventory of personal property.

The forms unit of the guide is designed to give an idea of the types of forms which are used to accomplish several important property actions; however, each organization may use different forms or process them differently. Always consult the Property Management Office if any questions arise regarding forms or property in general. The summary chapter is self explanatory.

As this guide is used and ideas for improvements occur, please provide them to the Office of Grants and Acquisition Management on (202) 690-5663.

**Terrence J. Tychan
Deputy Assistant Secretary for Grants and Acquisition Management**

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Forward

This guide is designed to aide the Property Custodial Officer in interpreting the Federal Property Management Regulations (FPMR).

The FPMR is published by GSA to implement the laws which the U.S. Congress has passed concerning property. Agencies also issue their own supplements to the FPMR.

This guide documents the legal basis for actions as a Property Custodial Officer. Its contents are designed to help the PCO understand the statutory and administrative laws contained in those regulatory documents.

The Property Custodial Officer is a key link in the Property Accountability chain. The PCO offers assistance to the Property Accountable Office and the Property Management Office, as well as the programs of the Department of Health and Human Services.

Controlling, maintaining and protecting property is vital to maintain the programs of the Department which serve the general public. The responsibilities of the Property Custodial Officer require diligence, but the reward is better service for everyone.

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Introduction

As a newly appointed Property Custodial Officer (PCO), you should be aware that the environment of the PCO is unique when compared with other positions of employment. Highly significant is that being a PCO is seldom a primary job. The function is usually an included element of a position description which is not titled "Property Custodial Officer." In certain instances, the term property custodial officer will not be stated in the individual's position description. Yet all the responsibilities which accrue to a PCO are inherent by virtue of other assigned responsibilities. Either way, the job is still an important one. It deals with personal property, which is a government-owned asset. The public is always scrutinizing the way we manage our assets.

Why are we doing this?

The Government is required by law to account for its property and you, as a PCO, are helping the Property Accountable Office keep track of your property so the Property Accountable Officer (PAO) can report all assets to the Property Management Officer (PMO), who then reports to the finance office for the Government's balance sheet. You are the person responsible for the proper use, maintenance and protection of the personal property entrusted to your possession and which is charged to your property custodial area.

Why am I helping?

The main reason is there are so many pieces of property and numerous organizations within HHS that the small number of PAOs just cannot handle all of them. You represent a manageable division of personnel and property for the PAOs to work with, as well as a separation of responsibility.

What is Personal Property?

There are two types of property. Real Property is any interest in land, together with improvements, structures and fixtures, and appurtenances. Personal Property is all property other than Real Property. It includes equipment, copiers, furniture, computers and even pens and pencils; although the accountability for each item may vary.

Who is responsible for the Government's Personal Property?

All government employees are responsible for government property, but you have special responsibility for those items located in your property custodial area.

What are the basic duties of a Property Custodial Officer?

You will:

- 1) have the physical responsibility for ensuring the proper use, maintenance and protection of your assigned inventory,**

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- 2) **assist the PAO in accounting for your inventory,**
- 3) **conduct physical inventories in coordination with the Property Accountable Office,**
- 4 **report all missing, lost, damaged or unrequired property to the PAO,**
- 5) **provide answers to questions when items are found to be missing during an inventory,**
- 6) **provide all documents required to add new or unlisted items to your inventory,**
- 7) **assure that all items are being properly used within your custodial location,**
- 8) **provide any information the PAO needs for reports,**
- 9) **prepare all necessary disposal documents and,**
- 10) **continue to do all of this until you are formally relieved or replaced in writing.**

I'm giving a lot of help to the PAO; what does the PAO do for me?

The PAO records your receipt, issuance, use, maintenance and disposal of equipment. They record additions and deletions to your inventory. They will reconcile all differences with your inventory. They will periodically request reports. Above all, the PAO will issue direction, guidance and, in general, will assist you.

What resource tools are available to help me?

Primarily, you will receive help from the PAO (as mentioned above). You could also receive help from the Property Management Officer and other PCOs. Several other sources can also help; they include: the Federal Property Management Regulations, the HHS Logistics Management Manual, the Property Custodial Officer's Guide and the Department's Property Custodial Officer's Training. The Department's Office of Grants and Acquisition Management maintains a number of other logistics guides and has published a logistics directory which can also help. If you do have any questions or problems, it is best that you check with your Property Accountable Officer first.

I have other responsibilities; how much time is involved?

For the Accountability and Maintainability, it really only entails a little effort as you are going along. For example, when your office receives an item, simply record the information and forward it immediately through the proper channels as directed by your PAO. If you stay up on your paperwork, then the physical inventory won't be as time consuming.

What is Accountability and Maintainability?

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There are four main ideas to Accountability and Maintainability:

- 1) Keep an up-to-date inventory of the personal property in your property custodial area;**
- 2) Know where the items are at all times (either by physical location or by having the paperwork that identifies their location);**
- 3) Ensure that items are properly cared for during use, that their condition is known, and that maintenance is performed when necessary; and**
- 4) Report items which are no longer required to support your programs.**

What types of items do I have to inventory and track?

Indirectly, you must track and account for all items of Government Property. Your inventory will give a complete list of all the items you must control.

What am I responsible for during an inventory?

Some PAOs will have you actually execute the physical inventory (they will give you guidance on what they want done), but, at the minimum, you should still be aware of the location of the items that you are responsible for. Take a pre-inventory yourself; see if you can find all the items.

What happens once the physical inventory is over?

You will have some items that were listed, but were not found (shortages) and some items that were found, but were not listed (overages). At times, there may be duplications or incomplete data. You will be responsible for explaining the discrepancy. Once this occurs, the PAO will take action to adjust the Master Inventory.

What do I do about shortages?

Shortages occur when an item has been removed from the location; this could happen because of maintenance, repair, loan, or theft. Go back to the location where the item was supposed to be and do a little detective work. Play "Sherlock Holmes"; ask questions and see if you can solve the case of the missing equipment. You should have or be ready to prepare the proper paperwork to show where the item went. Another problem which occurs is that of having items transferred from your area without the property custodial officer's knowledge. This can be a major problem as some personnel choose to transfer items to other custodial locations or to dispose of items without informing the PCO. One of the most important ideas you must emphasize to the staff in your property custodial area is that you must be notified prior to any action regarding property. This is the only way which you will be able to manage the property effectively.

What do I do about overages?

There are several ways to receive property: from a purchase order, through a property reutilization program or through another property custodial area. Overages occur when the items are picked-up by or delivered to the property custodial area without the PAO being notified of their delivery. It is imperative

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that you have the appropriate paperwork. There are occasions when your own custodial area staff fails to inform you when an item is received. This is a difficult dilemma that calls for diplomacy since you have to tell your coworkers and even your supervisors, they must always inform you when an item is received in any manner.

Now am I done with my inventory?

No, once all avenues have been explored in trying to find your shortages, you will have to prepare a "Report of Survey" on the missing items. For overages, you will fill out an "Inventory Adjustment". Once those have been completed and signed, you are ready to sign your actual inventory.

Why would I dispose of property?

You'll dispose of it when the property is no longer required by your organization (even though it may still be useful to others); or when the equipment has lost its useful life to you and others; or when the property's condition has deteriorated beyond use. When an item is no longer required, it often goes to a reutilization facility where other property custodial areas and even other government agencies have the opportunity to acquire it. The reutilization of excess property is one way to save money and is one of the required sources of supply.

How do I dispose of property?

Property management activities handle it differently, so contact your PAO for further instructions.

What are the most important things to remember about being a Property Custodial Officer?

First, don't let anything move without a piece of paper making it move. This is the basis for controlling all property transactions. Every property transaction requires written documentation to support it. Second, you are responsible for the equipment assigned to your property custodial area. Take care of your area; know where the items are. And above all, since both you and your program people are responsible for the property, find a way to explain to them the best way they can help you manage this property. Have them notify you anytime they need a property action, so you can keep track of the property and so you can assist them with their property needs.

I. Property Custodial Officer's Status:

Although being a Property Custodial Officer (PCO) may not be your primary duty, the inherent tasks of that function, which are supported by law, can offer a highly rewarding experience. PCOs are charged with assisting in the accountability of Government property. PCOs must manage the inventory; assure that proper use, protection and maintenance occurs; and coordinate paperwork with the Property Management Office of the accountable area. The Property Management Office provides direction, guidance, policy, and specific instructions for property management.

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II. Legal Basis for Property Management:

The functions of the property custodial officer are derived from two very important laws passed by the United States Congress. They are: the Federal Property and Administrative Services Act of 1949 and Public Law 84-863 passed in 1956. In addition, the Departmental policies supplement and interpret those laws (some of which are delineated in the HHS Logistics Management Manual). These two laws express the need for physical accounting and control of government property, as well as incorporating financial accounting into property management. It is important that the PCO be aware of the legal basis for their responsibility and understand the serious impact of these laws.

III. Definitions:

A) Property Custodial Officer (PCO) - An employee who is designated by established authority to be responsible for the proper physical use, issuance, maintenance, and protection of personal property charged to their custodial area. This includes processing appropriate paperwork. Also his/her responsibility corresponds with the Standards of Conduct which refers to the fact that Government equipment is for Government use. It is up to the PCO to assure that the equipment is being used by the program for its intended use and that the equipment is in proper working order.

B) Accountable Area - An area specifically defined by organizational or geographic limits which is assigned to a designated property accountable officer. It is larger than a property custodial area and maintains accountable records for a number of property custodial areas which have physical responsibility for personal property.

C) Property Accountable Officer (PAO) - An officer or employee designated by proper authority to have operational accountability for the personal property charged to his/her accountable area. He/she is responsible for the determination and definition of property custodial areas within the accountable area; assuring that the Property Custodial Officer has been given an inventory list and all other current records; that physical inventories are taken; and that survey reports for lost, damaged, or destroyed property are promptly prepared and processed. This individual is designated in writing similarly to the manner in which the Property Custodial Officer's are designated.

D) Property Management Officer (PMO) - An officer who oversees the Property Accountable Officers. The PMO usually provides and determines the proper interpretation and direction of the Federal and HHS regulations involving government property. The PMO also provides administration and maintenance of an effective property accountability and control system, provides adequate training and instruction for the PCOs, reconciles the property and financial records, and conducts periodic evaluations on the performance and effectiveness of the logistic management system. He/she may also be responsible for motor vehicle management, warehousing and supplies.

E) Accountable Property - Items of Government property which have an aggregate acquisition cost of \$1000 or more or are considered to be of a sensitive nature (highly susceptible to theft or misuse). (This definition pertains to the items which will appear on the Property Custodial Area's Inventory, it is not to

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say that since an item is not accountable by this definition that it is not important to the Government).

F) Capitalized Property - Items of Government property which have an aggregate acquisition cost of \$5000 or more. These items will be separated on the inventory list which you will receive. All other items are determined to be non-capitalized equipment. (This definition is used more by fiscal personnel; however, property personnel often use these words too.)

G) Property Accountability - This is a function to account for personal property by using appropriate documentation of all transactions which affect personal property on-hand, received, and disposed of by an organization. This process is carried out by Property Accountable Officers. It is not direct physical responsibility for the property reflected in those records. It means that a record of receipt, issue, use and disposal of each item of property must be maintained. The physical control of that property is assigned to the Property Custodial Officer through proper documentation.

The most important definition of all of these is the last one; it truly defines what the goals of the system of accountability are and how they can be met.

IV. Authorities and Responsibilities:

The Administrator of the General Services Administration is authorized to prescribe regulations, policies and procedures pertaining to property management by the Federal Property and Administrative Services Act and delegates this authority to any official in GSA or to the head of any other Federal Agency. The Secretary of HHS delegates this authority down through the organizational levels to the Property Management Officers; who in turn delegate it to the Property Accountable Officers; who delegate it to the Property Custodial Officers through a letter of designation.

V. Designation of Property Custodial Officer:

General

The preceding discussion provides the authorities to establish property custodial areas and to designate property custodial officers.

Requirements

A property custodial officer is generally:

Employed in a position carrying administrative responsibilities for direction and/or supervision of an organizational unit; and,

Relatively free from duties requiring appreciable travel. Typical of personnel who meet this criteria are those assigned as executive officers, administrative officers, executive assistants, and administrative assistants. Others may be designated as PCO's as long as their position meets the criteria.

The designation of the Property Custodial Officer is made in writing and remains in effect until the PCO is relieved, in writing, of the designation. There is no uniform procedure established for this action; it is usually accomplished by a

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memorandum. It includes the effective date, name, title and adequately describes the property custodial area for which the responsibility is being assigned.

The memorandum should be prepared in triplicate. Each copy must be signed by the authorizing official or representative. The original is given to the designee; a copy is given to the PAO; and one copy is retained in the files of the designating official. A sample copy of the suggested memorandum is below.

SAMPLE DESIGNATION OF PROPERTY CUSTODIAL OFFICER

MEMORANDUM

**To: Mr. John Smith
FROM: Director, Administrative Services Center
SUBJECT: Designation of Property Custodial Officer**

Under the provision of the delegation of authority provided to the undersigned by the Assistant Secretary for Management and Budget, you, Mr. John Smith, are hereby designated as Property Custodial Officer for the Administrative Services Division. This designation is effective January 1, 1993. The property custodial area included in this assignment incorporates the existing five divisions of the Center as of this date and such other organizational elements which may be assigned to the Center during the tenure of this designation.

You will execute with the employee whom you are relieving of this designation, Mr. Robert Jones, a joint inventory of personal property which is currently assigned to the Administrative Services Center. This inventory is to be accomplished not later than February 1, 1993. On that date you will assume property custodial officer responsibility for all personal property assigned to your designated property custodial area in accordance with provisions of the Department's Logistics Management Manual. You will retain this designation until properly relieved in writing by the undersigned, or other proper authority.

You should retain the original copy of this memorandum. One copy is being provided to the agency Property Accountable Officer and one copy is being retained in the official files of the Center.

VI. Property Custodial Officer's Responsibilities:

The PCO is responsible for:

- A) Assuring that all personal property assigned to the property custodial area is in servicable condition and available for use. This means the PCO must have a record which indicates all of the property which has been assigned. This record is an inventory, which is an itemized list of the pieces of accountable property assigned to the property custodial location.**

Utilizing this list, periodic inspections of the property are performed to insure that all items are available, and a further determination is made whether or not each item works and will perform their intended function.

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- B) Having a satisfactory explanation for the differences between items listed and items actually found during the physical inventory.**

It is the PCO's responsibility to explain the difference with some kind of documentation, since nothing should move from one location to another without a piece of paper. In the event documentation does not exist and the inventory cannot be reconciled, the PCO will initiate a "Report of Survey" which will begin to accomplish this reconciliation. (See Forms.)

- C) Ensuring that all personnel in the property custodial area are properly instructed on their responsibilities for the use and care of all public property. Any employee of the Department who has use of, supervises the use of, or exercises the control over Government property is responsible for that property. The PCO must provide adequate instruction to personnel assigned to the property custodial area to insure that they are knowledgeable in their responsibilities for the use and care of public property. Personnel should also be advised that failure to exercise proper care and protection can result in a pecuniary liability.**
- D) Preparing action prescribed by the Department's Report of Survey System when loss, damage or destruction of property occurs. The Report of Survey is a tool which is available to PCO's and others engaged in property management to adjust official records of inventory of personal property when loss, damage or destruction occurs. (See Forms)**
- E) Maintaining adequate records for the property in the property custodial area. The primary record is the inventory listing of personal property. This is a current count and description of all personal property assigned to the property custodial area which is recorded in the centralized property accounting records. It is initially provided to the PCO by the PAO. Also, it is used in maintaining adequate records of any property that may have been added or deleted since the last completed and signed inventory. Records of transactions are required to be maintained by the PCO so the original inventory of property assigned to the property custodial area may be readily reconciled with that maintained by the PAO.**
- Another vital record is the Property Pass. The PCO shall issue a property pass when an item of Government Property is removed from a property custodial location for a temporary period. This could occur for repair of the item or to allow the employee to take the item to another location for work purposes. (See Forms)**
- F) Upon the transfer of property custodial responsibilities to a successor, the PCO shall take a joint inventory of property with his/her designated successor (or a representative of the PAO who will serve as a temporary PCO until a successor is available) to verify the accuracy of the property custodial account to the satisfaction of the PAO and the person assuming those property custodial responsibilities. This also includes taking any necessary action to adjust such differences that may be discovered (i.e., by a Report of Survey).**

This statement of responsibility describes the final action the PCO takes in order to be formally relieved of the responsibilities for personal

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property. It highlights why the PCO must execute the previously stated responsibilities in the most effective manner possible.

VII. Acceptance of Responsibilities:

The responsibilities above are the ones which you accept when designated as a PCO. You sign a statement which certifies that you understand and accept them. It assigns to you a trust for the property within your property custodial area.

Property Custodial Officer's Statement

I certify that I have, jointly with (*the employee whom I am relieving- *the accountable officer or his/her designee), taken an inventory, or to my satisfaction have otherwise verified the account or record of the property for which I am assuming property custodial responsibility. I understand and accept the responsibilities of the Property Custodial Officer as stated in the DHHS Logistics Management Manual. Upon transfer of my responsibilities to a successor, I will take a joint inventory or otherwise verify the property custodial account to the satisfaction of my successor and together with the accountable officer will, in the manner prescribed, adjust such differences as may be discovered.

(Name)

(Title)

(Date)

***Insert name of individual and strike out inapplicable clause.**

VIII. Relationship between PMO, PAO and PCO:

- A) The Property Management Officer is usually the person responsible for designating the Property Custodial Officer.**
- B) The initial transaction between a Property Custodial Officer and the Property Accountable Officer is the issuance of the initial inventory. It is issued when the PAO receives official notification of the new PCO. The new PCO then accomplishes the joint inventory with the old PCO (or a representative from the Property Accountable Office). After verifying that the actual inventory contains all of the items listed (no more or no less), the new PCO signs the Property Custodial Officer's statement certifying that an inventory was taken. The PCO should make sure that everything is in order before he/she signs and accepts the inventory.**
- C) All requirements for additional personal property for a property custodial area are formally transmitted to either the Property Management Officer or the Property Accountable Officer by the Property Custodial Officer; as well as all notifications of unrequired property which are excess to the needs of a property custodial area. When receipt or disposal of property occurs, they are formally documented to the Property Accountable Officer.**

Not a single item of property should move without a piece of paper. That documentation represents a major communication link between the Property Accountable Officer and the PCO.

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- D) The Property Accountable Officer has responsibility for the preparation and submission of periodic, one time, and non-recurring reports of data and information concerning property management to the Property Management Officer. The PAO may require the PCO to prepare feeder reports which may be compiled into one cumulative report for the accountable area.**
- E) Guidance, information, direction and special instructions from the Property Management Officers relating to property management are issued to PCO by the PAO. The authority for property management is delegated to the PAO by the PMO and executed through the issuance of instructions to PCOs.**

From the beginning it is easy to see that a special relationship exists between PMOs, PAOs and PCOs. It must be exercised judiciously and seriously in order for all to be successful in their respective roles in property management.

IX. Sources of Information:

- A) Federal Property Management Regulations (FPMR) - Consists of the property management policies and procedures for Government agencies as prescribed by the Administrator of the General Services Administration. The FPMR is divided into subchapters by subject matter. Those relating to Personal Property are: A) General, C) Defense Materials, E) Supply and Procurement, G) Aviation, Transportation and Motor Vehicles and H) Utilization and Disposal. The FPMR is available in either loose leaf editions or as part of the Code of Federal Regulations (CFR). These can be obtained through the GSA and the Government Printing Office (GPO).**
- B) Health and Human Services (HHS) policies - HHS supplements the FPMR with its own additional policies concerning personal property. These policies are not intended to interpret the FPMR, but, merely supplements any additional requirements that HHS feels are necessary to internally administer its property. This manual is available in loose leaf form from the HHS Materiel Management Branch, Forms, Records and Supply Section, Room G-322 Switzer Building, 330 C St, S.W. Washington, DC.**
- C) The Federal Register - a daily publication of the National Archives and Records Administration, which makes available the regulations and notices issued by Federal Agencies. GSA and Federal Agencies are required to publish any addition or change to the FPMR which affects the public.**
- D) HHS Accounting Manual -<_>HHS issues principles and standards for the financial accounting of HHS property. Submit an HHS-68, "Staff Manuals Materials and Mailing List" to the Directive Distribution Coordinators. This will provide you with all current and future updates.**

X. The Property Management Cycle:

- A. Determination of Need: Program personnel require resources to assist them in accomplishing their assigned tasks. Among these resources is personal property. The PCO must assist the program personnel in**

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formulating the need, and, often, provide assistance to the PAO who will review the requisition. A "Determination of Need" is a clearly defined statement or description of the item required which can be readily understood by supply and procurement personnel; a justification stating why the item is necessary for program accomplishment; and a demonstration that authority, including funds, exists to acquire the item.

B. Acquiring the Need:

- 1) The PCO's role in meeting the need is to assess whether or not reutilization or acquisition should be recommended. The reutilization of equipment and furniture is a tremendous money saver to any government program. It takes advantage of equipment and furniture already purchased by the government; thereby, saving money and time spent on acquisition. If it is determined that the items cannot be obtained through reutilization, the PCO will help to prepare the HHS 393, "Request for Purchase, Service, or Stock" or other locally prepared requisition form.**
- 2) One role of the PAO is to test the validity of the request against "Use Standards" as prescribed in the FPMR and the HHSLMM and review the request against unrequired, excess, surplus and other available sources, including property lists. The acquisition will not be authorized or initiated until the request meets this test.**

C. Accountability and Maintenance During Use: When an item is received, the PCO will be requested to sign a document which states he/she have received the item. That document may be in several different formats, but it will ask for the serial number, model number, description, acquisition cost (including transportation cost, trade-ins and other discounts), bar code or decal number and location. That document is forwarded to the PAO. The item is then added to the property custodial area's inventory. It is imperative that this step be done in a timely and judicious manner so that the inventory can be as accurate as possible at all times. This establishes accountability and maintainability.

The PCO must be able to keep records indicating the responsibility for the property (the Property Custodial Area's inventory is the record) and the PCO should know where the items are located at all times (this is accomplished by exercising either direct or supervisory responsibility). Insure that the items assigned to the property custodial area are properly cared for during use and that maintenance is performed on them as necessary to keep them in a useable condition. Be aware of items assigned to the Property Custodial Area which are no longer required.

D. Disposal:

The final phase of the property life cycle is disposal. When personal property is no longer required by the organization to which it is assigned, a disposal action is in order. The property at this stage is frequently in a useable condition. Efforts shall be made to redistribute the property to organizations which have a need for it. However, the property may have reached the end of its useful life or it may have become damaged beyond repair.

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No matter which situation exists, a disposal action is necessary. However, until the disposal action occurs and is properly documented, the PCO is responsible for the property. The document serves as a voucher to subtract the item from the Property Custodial Area's inventory. The PCO cannot legally be relieved of the responsibility for this property by any other means. It completes the history of the items for the property custodial area. The items cannot simply be destroyed, abandoned or transferred to other property custodial locations without being properly documented.

XI. Managing The Property Custodial Area's Inventory:

As stated earlier, the inventory list will provide information for all items of Government property that are considered accountable property. This is not to say that all items that are non-accountable are unimportant. The Government spends large amounts of money on non-accountable items and needs to maintain a level of responsibility for those items.

Inventory records should be separated into two divisions for both property custodial and accountable areas. One is for accountable property (see Exhibit 5) and one for non-accountable property. Your actions as a property custodial officer are to treat these two divisions separately but equally. You still have the responsibility for the property whether it is accountable or non-accountable.

The inventory list can either be computer or manually prepared, but they both usually contain some of the same information: The Custodial Area, Item Description, Item Serial Number, Item Decal Number, Acquisition Cost, Depreciation Value or Replacement Year, Item Class, and possibly the Maintenance Cost. Since accountable property is divided into either capitalized or non-capitalized, the Property Custodial Area's inventory will also be divided as well. Whether the Property Custodial Area's inventory is prepared manually or is computerized; it is important that you keep up to date with the items on the inventory or any items to be added to or subtracted from the inventory.

A. Performing the Physical Inventory:

- 1) Identifying and Counting:** The PCO may be asked by the PAO to participate in the physical inventory. This will require the PCO to count and verify the existence of all the items on the Property Custodial Area's inventory list. Check the decal number, serial number, location and any other information provided. In addition, record all items of property that have been found that are not on the inventory list.

It is possible that your equipment may be bar coded. This means that a small decal with a pre-programmed sequence of bars is placed on the equipment. This barcode is read with bar code reader/scanner equipment. Some Accountable Areas utilize this method in order to expedite the inventory process. The PCO may be asked to use the bar code reader/scanners or the PAO may actually do the scanning.

Another method to keep a valid account of the inventory is the use of hand receipts for all items. Some organizations have the employees sign for all

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the equipment they use. This provides the PCO with the ability to identify the equipment to the specific individual who is responsible.

- 2) **Reconciliation:** After the PCO has accomplished the physical inventory, the PCO will have three lists. One list will be all the items found on the original inventory, one list will be those items not found on the original inventory (shortages) and one list will be items found that were not on the original inventory (overages). Some of the causes for the imbalance are: property has been relocated but no documentation exists which records the relocation;

property has been properly disposed of, but the inventory list was not adjusted (the transactions have not been recorded); or

property has been received since the last inventory was taken, but records of the action cannot be found.

- 3) **Advising the Property Accountable Officer:** After reducing the shortages and overages to the lowest number possible, the PCO must advise the PAO in writing of the results of the inventory. The PCO must list:

all items found which are on the inventory list;

all items on the inventory list which were not found;

all items found which are not on the inventory list;

all items on the inventory list which were found but are not in a serviceable condition and must be replaced

and all items found whether on the inventory list or not which are no longer required for use in the property custodial area.

The PCO's notification to the PAO is a request that the necessary action be taken as a result of the physical inventory which will:

reconcile the Property Custodial Area's account;

dispose of unrequired property;

and initiate action to replace unserviceable equipment.

- 4) **The PAO will:**

advise the PCO of the missing items that have been found in other property custodial areas;

advise the PCO to initiate a report of survey for the missing items;

provide turn-in or transfer instructions for unrequired property;

provide turn-in instructions for unserviceable property;

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voucher additions to the inventory for property found which is not on the inventory list;

or provide other instructions.

- 5) The Property Custodial Officer's Continuing Responsibilities: The results of these actions will now be used to adjust the Property Custodial Area's inventory list so that the items it reflects and the items physically located in your custodial area are identical. It is the PCO's responsibility to maintain this condition between now and the next inventory.**
- 6) Physical inventories are required: Each time PCOs change; and, once annually for all accountable personal property (including sensitive personal property). These are the minimum requirements. Your agency may require these inventories to be conducted more frequently. The primary purpose of a physical inventory is to determine if the PCO can account for all the items of property on the Property Custodial Area's Inventory.**

B. Additions to the Inventory:

Additions to inventory most commonly occur when items are received either through the acquisition process or reutilization processes. Another reason the PCOs add to the inventory is that items are often found during the course of a physical inventory. Sometimes an item can be found in the hallway or from another custodial location; and documenting the information for transferring this item is imperative to maintaining adequate inventory records.

C. Subtractions from the Inventory:

Subtractions from the inventory occur in a number of ways: the item is no longer of any use; the item is unserviceable; or the item is lost or stolen. The subtractions occur at any time during the year and may or may not correspond with the physical inventory.

D. Use of Personal Custody Receipt:

This receipt has several uses: it can be used to assign responsibility for sensitive or personal custody items; it can be used by the PCO to make further assurances that the personnel within the property custodial area will have a better understanding of their responsibility for property; or it can be used when an employee is required to take an item out of the office (i.e. when taking the item home for work related efforts). This is a receipt in which the items may be listed with all pertinent information (i.e. serial number, item description, decal number, etc.) and requires the employee to sign for the equipment; thereby, having a written copy of what property each employee is truly responsible for. A Property Pass will also be required to remove the government property from the building.

Forms:

The following are some of the approved forms used within the area of HHS Property Management. The Property Accountable Officer may use more or even different forms to accomplish the same tasks. It is vital that the Custodial Officer

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contact the PAO to see which forms are pertinent and how to properly execute those forms.

HHS-22, "Request for Property Action"

HHS-393, "Purchase/Service/Stock Requisition"

OF-147, "Order for Supplies or Services"

OF-7, "Property Pass"<R>HHS-439, "Personal Custody Property Record/Hand Receipt"

HHS-365, "Inventory Adjustment"

HHS-342, "Report of Survey"

HHS-22, "Request for Property Action" - This is a multi-purpose form used for several actions. Some PAO's will use this form for transferring property internally within your organization or within HHS, for disposing of equipment whether serviceable or not, or sometimes as a receipt document. This form can be filled out differently depending on the PAO involved (your PAO will give you further instructions about the form).

HHS-393, "Purchase/Service/Stock Requisition"

After determining that a need exists, this form is used by most agencies as the requesting document to obtain an item through the acquisition process. Some agencies will utilize a computer to create a paperless requisition. Regardless of the method, the Property Management Officer must approve the purchase of the equipment as an indication that the requirement cannot be met from the existing or established government sources. Normally someone from the property office will assist in determining if the item is available through reutilization.

OF-147, "Order for Supplies or Services" - This form goes by several different names (i.e. CDC 0.1000A, PHS-347, HCFA 432, etc.). The document is used as a purchase order when the acquisition area purchases. It affects custodial officers in the sense that several PAOs use this form as a receiving document, as well as a copy of the actual order (see back of form for receiving portion). Other locations do have specific receiving documents which may include the SSA-6029, CDC 0.424 and the HHS-12. Consult with your PAO for the form and procedures for utilizing those forms.

OF-7, "Property Pass" - On particular occasions, an item of property will have to be removed from its location (i.e. repair etc.). This pass will allow the item to be recorded in its new temporary location as well as notify security personnel that the item is authorized for removal. (Your component may use a local property pass (i.e HHS-679).

HHS-439, "Personal Custody Property Record/Hand Receipt" - This form can have several uses. It can be used to assign responsibility for sensitive items, take home items; or track property assigned to the employees within the office.

HHS-365, "Inventory Adjustment" - This form is used by HHS PAOs to act as the document to add to the inventory (when receiving reports cannot be found) or to subtract from the inventory. Again, consult with your PAO for their instructions.

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HHS-342, "Report of Survey" - This form is used when an item is lost, damaged, destroyed or stolen. This form represents a deletion from the inventory. This form is use on several occasions, but must be used when there is an allegation against an employee for negligence concerning personal property. The "Report of Survey" is then forwarded on through proper channels, but remember until the Survey is signed and returned (or you receive other instructions) the items are still your property custodial areas' responsibility.